

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF CREDIT UNIONS

NEWSLETTER

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CREDIT UNION COMMISSION MEETS

The Credit Union Commission met on February 3rd. Commission members present were John Hanneke, Bill Humpfer, Sharon Ichord, Cathy Stroud, and Pat Macdonald. Others present were Becky Kilpatrick from the Department of Economic Development, Christie Kincannon from the Attorney General's Office, Kari Greathouse from the Missouri Credit Union System; and from the Division of Credit Unions, Rob Berry, Maribeth Neidert and John P. Smith.

The Commission approved the minutes from their December 9th, 1999 meeting, received updates from Director, Division of Credit Unions on the current session of the Missouri General Assembly and field of membership applications in process. The Director also discussed the four meetings held with credit unions. The Commission discussed the desirability of simplifying the field of membership expansion application form for groups of less than 3,000 eligible members.

The Commission reviewed applications for expansion of the field of memberships submitted by two credit unions: Kilowatt Credit Union to serve those who live or work in Cole and Callaway Counties and CommunityAmerican Credit Union to serve those who live or work in St. Charles County and the postal zip codes 63005, 63141, 63132, 63017, 63146, 63043, 63042, and 63031. Since more than 3,000 potential members reside within the areas requested for expansion, the Commission reviewed the documentation submitted with the applications and took action in accordance with RSMo 370.081 exempting the credit unions from limitations on groups.

The Commission approved a proposed rule for credit union member business lending. The proposed rule will be published in the Missouri Register for a thirty-day comment period.

Following the review of the comments received, the Director of the Division of Credit Unions will make a decision regarding adoption of a final rule. The rule will also be sent to the Board, National Credit Union Administration for approval. *Due to its length, the proposed rule is attached to the Newsletter.*

The Commission's next quarterly meeting is scheduled for May 11th.

FULL AND FAIR DISCLOSURE

Accurate financial records are critically important information for many interested parties. The board of directors, other officials, management, auditors, trade associations, the National Credit Union Administration, insurance companies, this office and of course the members and others rely on these statements for their own needs and responsibilities. Accurate financials in sufficient detail are the best way for all concerned parties to judge financial position and performance of the credit union.

Full disclosure basically means all significant aspects of the credit union are comprehensively stated in sufficient detail so that conditions are clear to those reading the statements. Fair disclosure means the manner in which statements are presented conforms to generally accepted accounting principles and that accounts are objectively derived.

Credit union management bears the responsibility for producing financials that accurately depict the credit union's condition as of a certain date or for a period of time. Internal controls and auditors help prevent problems, but negligent or willful concealment of facts in preparing the financials is a serious breach of responsibility that is everyone's concern. The Division of Credit Unions has and will continue to aggressively enforce full and fair disclosure of

FROM THE DIRECTOR

The four meetings held last month with credit union officials provided valuable input from our customers about how the Division of Credit Unions carries out its responsibility as the regulator of Missouri chartered credit unions. I appreciate the opportunity to meet and hear from our customers. Your suggestions and advice have been shared with the Division staff and the Credit Union Commission.

The date roll over from 1999 to 2000 proceeded without any problems. On behalf of our staff, my appreciation and thanks to everyone involved over the past several years to make the change in date the nonevent it was. I do ask that credit unions maintain, update and periodically test their business recovery plans developed or enhanced as a result of good credit union practice and Y2K.

The Credit Union Commission has approved a proposed business-lending rule (MBL) that will be published for comment in the Missouri Register and sent to NCUA for their approval. A committee was formed to assist in preparation of the MBL. Members of the committee were Hal James, Dennis Pierce, Hubert Hoosman, Pat Yokley, Leon Kusnetzky, David Bohrer, David Osborn and myself. Although most Missouri credit unions are not making business loans, as credit unions become larger in asset size and operate as full service one-stop financial institutions, members may seek business loans from their credit union. It is the credit unions' board of directors and management's policy decision to offer business loans; however they must have the proper policies, personnel and other resources in place before doing so. With a Missouri rule in place, credit unions and the Division of Credit Unions can follow this rule rather than one promulgated by the share insurer. Please read the proposed rule that accompanies this newsletter and provide your comments and suggestions to this office or the Credit Union Commission. If all goes well, the final rule should become effective within six months.

The economy is in a rising interest rate environment with the Federal Reserve earlier this

week increasing the interest rate by 25 basis points. Credit union boards should on at least a monthly basis be reviewing the interest and dividends and making appropriate adjustments. Board decisions adjusting interest rates and dividends are often made too late, and the bottom line suffers. Be vigilant in the dynamic economic times that are present.

The Division of Credit Unions' internet home page is a resource for forms, credit union and consumer laws, links to Missouri government sites, pending legislation, the NCUA, and other sources and organizations. During the annual General Assembly session, the House of Representatives and Senate debate can be heard through an internet audio link.

Your continuing good service is recognized by the many credit union members we serve statewide.

John P. Smith
Director